Q2| 2019

Emerging Markets Equity

Objective

The Emerging Markets Equity Strategy objective is to outperform the MSCI Emerging Markets Index over the long term by utilizing a concentrated, low turnover, fundamental, bottom-up, relative value approach. By focusing on companies whose stocks sell at a discount to an estimate of their underlying business values, portfolios are constructed with a buffer that should shield investors from protracted stock price declines while offering significant appreciation potential.

"We believe having in-house equity and debt expertise, augmented by the macroeconomic research of a classically trained economist on staff, gives us a competitive advantage in today's investing landscape."

Portfolio Managers

Cindy A. New, CFA
Robin R. Kollannur, CFA

Inception Date

December 31, 2015

Strategy Profile

Perf. Benchmark.............MSCI EM Index
Style..................................Relative Value
Market Cap...................................All-Cap
Range of Markets..........................10 - 20
Range of Holdings.........................25 – 50
Cash Position....................................0 - 5%
Name Turnover............................20-60%

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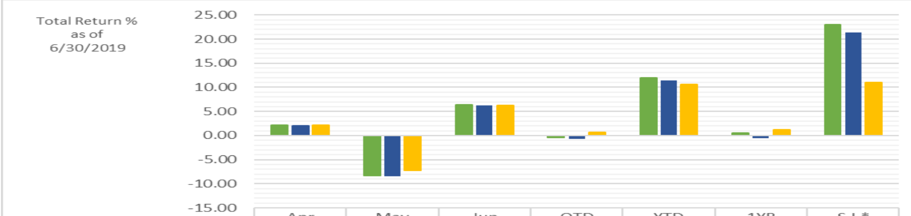
PERFORMANCE:



	Apr	May	Jun	QTD	YTD	1YR	S.I.*
RVX EM (gross)1	2.17	-8.34	6.37	-0.39	11.94	0.50	23.03
RVX EM (net)2	2.08	-8.42	6.28	-0.63	11.38	-0.62	21.40
MSCI EM Index (net div.)	2.11	-7.26	6.24	0.61	10.58	1.21	11.05

SOURCE: RVX ASSET MANAGEMENT, BLOOMBRG AND MSCI
**RETURNS 1 YEAR + ARE ANNUALIZED*

1. RESULTS PORTRAYED FOR THE RVX EM EQUITY STRATEGY PRIOR TO JANUARY1, 2019 ARE BASED ON HYPOTHETICAL PERFROMANCE DERIVRD FROM A MODEL PORTFOLIO. AS SUCH, RESULTS PORTRAYED POST JANUARY 1, 2019 ARE BASED ON ACTUAL PERFROMANCE FROM A LIVE REPRESENTATIVE ACCOUNT.
2. NET PERFORMANCE IS NET OF HYPOTHETICAL MANAGEMENT FEES AND TRADING COSTS.

COMMENTARY:

While the 2nd quarter of 2019 was positive for emerging market equities, the asset class did relatively underperform both US and international developed markets. The MSCI Emerging Market Index (net) was up +0.61% for the quarter vs. the S&P 500 return of +4.30% and the MSCI EAFE (net) return of +3.68%. The portfolio underperformed the MSCI EM Index with a return of -0.39% for the quarter but continued to maintain its overall YTD outperformance.

Of the -1.00% of underperformance of the portfolio against the MSCI EM Index for the quarter, the main drivers by sector were an overweight to Energy (-1.34%) and an overweight to Communication Services (-0.46%). The price of crude oil was volatile with a downward bias during the quarter, which hampered results. It started the quarter at $60 and while it ended the quarter around $58, the peak to trough was $66 to $51 during the quarter. After a strong 1Q, the Communications Services sector gave back returns as many companies in the space missed earnings.

From a country standpoint, the main driver was an overweight to China (-1.29%) as an escalation of US-China trade rhetoric hampered sentiment and results during the quarter.

From a stock-specific standpoint, the key outperformers were National Bank of Greece (+57%), Thailand-based Amata (+20.5%), and South Africa-based Harmony Gold (+19.5%). Underperformers were China-based Baidu (-29%), South Africa-based Sasol (-19.7%), and China-based Hilong (-18.5%).

Emerging market equities continue to swing on news flow related to the potential for a US-China trade war. May was especially volatile as tensions escalated, but June saw a return to normalcy as both sides showed progress in talks leading up to the G20 meeting at the end of June. Longer-term, trade negotiations may just be the first volley in a broader economic, trade, technological, and geopolitical realignment of power between the US and China.

If the conflict escalates from here, a further decoupling of the Chinese and American economies is possible, including a dismantling of the supply chains both countries depend on heavily. We would expect China to accelerate plans to become more self-sufficient in semiconductors, given the news flow around Huawei. Domestic-oriented sectors in China should be fairly insulated and may even benefit from increased government stimulus. In the meantime, Korean companies such as Samsung may stand to benefit from being a non-US supplier. Southeast Asia may benefit as multinationals may look to new countries to circumvent the trade war; Vietnam and Thailand could be an especially attractive destination for new factories. In other regions, Brazil and Argentina's grain exporters may stand to benefit, for example, as new trading partners.

If the conflict de-escalates from here, there should be a healthy rebound in EM equities and relative outperformance for Chinese equities, and especially names tied to the manufacturing sector. Chinese technology names should also outperform given increased risk appetites, and energy names should rebound given increased global growth assumptions. Regardless, our base line assumption is that an interim trade deal gets done before year-end, giving both sides the opportunity to save face and please internal constituents.

From a portfolio standpoint, we are maintaining our increased exposure to technology stocks (both in the Communication Services and Information Technology sector), as valuations continue to be attractive relative to the companies' fundamentals and earnings power. We would expect China to ease regulatory burdens in 2H 2019, which would help overall sentiment. We also remain overweight the Energy sector as increased tensions between the U.S. and Iran, as well as recent skirmishes in the Strait of Hormuz, should lead to an uptick in prices in the near-term.

We continue to be generally underweight more defensive sectors such as Consumer Staples and Utilities, which is a byproduct of our fundamental, bottom-up process. We would expect further relative underperformance in these areas, especially as trade war concerns abate. Key priorities for our 3Q research docket are in countries where we have little exposure: India, Brazil, and Russia.

From a macro standpoint, the recent downtrend in US interest rates and the outperformance of gold and other commodities may portend a weakening of the US dollar in the near future. The 10-year US Treasury yield briefly dipped below the Fed Funds rate in 2Q, which has been a fairly reliable recession indicator over the last few decades. Given the overvaluation of US equities vs. emerging market counterparts, we would expect these negative U.S. macro indicators to be a relative tailwind for emerging market equities.

Investment Process

Identify Stocks

- *Value characteristics*
- *No illiquid, highly leveraged, or distressed securities*

Proprietary Database

- *Ranks undervalued stocks using multi-factor model*
- *Approximately 650 stocks by decile monthly*
- *Model inputs validated by team*
- *Broad industry and country representation*

Fundamental Analysis

- *Top 30% of Database are research candidates*
- *Focus on sustainable cash flow and dividends*
- *Identifiable catalysts for appreciation*
- *Analyst recommendation on intrinsic value*

Decisions

- *Systematic process*
- *Portfolio construction*
- *Risk management*
- *Weekly investment meetings*

Execution

- *Timing*
- *Goal is to minimize trading costs*

Portfolio Characteristics

Dividend Yield..................................2.9%
(P/E) Ratio (trailing)........................13.9
(P/E) Ratio (forward)........................11.4
(P/CF) Ratio..6.1
(P/B) Ratio...1.4
Holdings..47
Countries..16
Top 10 Weight...............................30.1%
Name Turnover (Trail 12-mth)......12.0%

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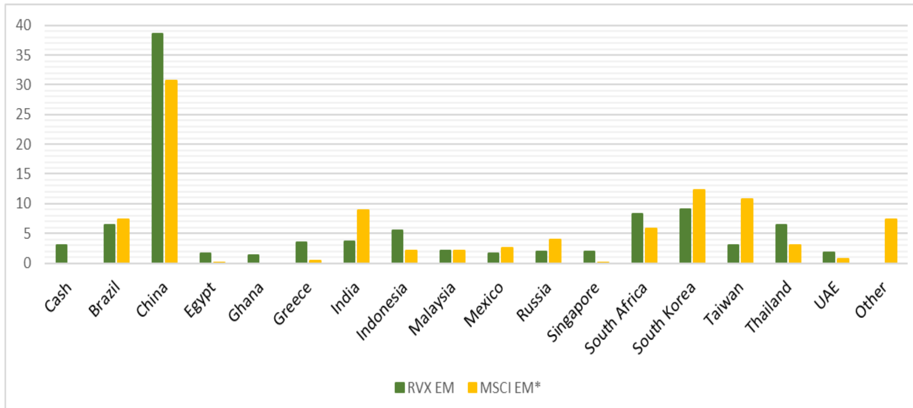
TOP TEN HOLDINGS:

Security	Country	Sector	Mkt Cap (US$ Mil)	% Wgt
ALIBABA GROUP HOLDING-SP ADR	China	Consumer Discretionary	441,175	3.77
SAMSUNG ELECTR-GDR	South Korea	Information Technology	242,192	3.50
THAI BEVERAGE PCL	Thailand	Consumer Staples	15,405	3.36
PING AN INSURANCE GROUP CO-H	China	Financials	229,154	3.09
TAIWAN SEMICONDUCTOR-SP ADR	Taiwan	Information Technology	199,992	3.06
AMATA CORP PUBLIC CO LTD-FOR	Thailand	Real Estate	848	2.99
NETEASE INC-ADR	China	Communication Services	32,729	2.84
NASPERS LTD-N SHS SPON ADR	South Africa	Consumer Discretionary	106,544	2.55
EMBRAER SA-SPON ADR	Brazil	Industrials	3,734	2.51
HARMONY GOLD MNG-SPON ADR	South Africa	Materials	1,215	2.44

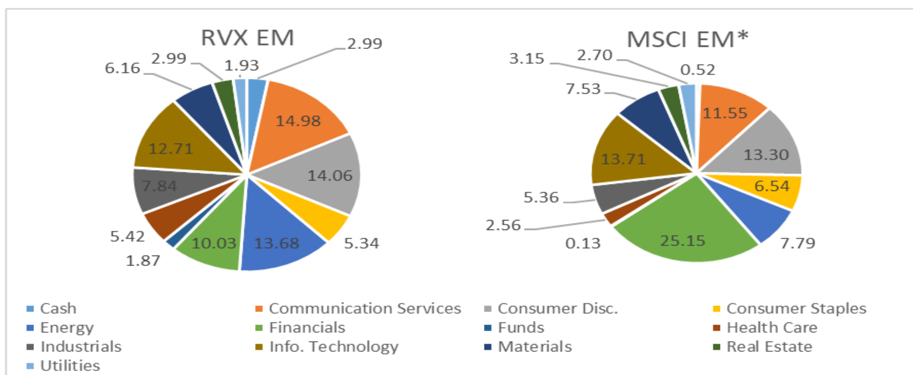
SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG, INFORMATION BASED ON A REPRESENTATIVE ACCOUNT

COUNTRY WEIGHTINGS:



**Ishares MSCI Emerging Markets ETF used as a proxy for the MSCI Emerging Markets Index*
SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG, INFORMATION BASED ON A REPRESENTATIVE ACCOUNT

SECTOR WEIGHTINGS:



**Ishares MSCI Emerging Markets ETF used as a proxy for the MSCI Emerging Markets Index*
SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG, INFORMATION BASED ON A REPRESENTATIVE ACCOUNT

RVX Model Portfolio Hypothetical Performance/Gross of Fee Returns: This material includes information related to the net (hypothetical) performance of a model portfolio established by RVX (the Emerging Markets Portfolios) The performance results of the Emerging Markets portfolio reflect actual returns post January 1, 2019. The performance results included in this material related to RVX's model are hypothetical returns have been compiled by RVX. The model performance results do not represent actual trading and that they do not reflect the impact that material economic and market factors contributed to the Adviser's decision-making if RVX were actually managing clients' money pursuant to the depicted model.

The hypothetical model performance shown herein is based on simulated or hypothetical trades made by RVX for the referenced hypothetical model containing investments of the type RVX generally expects to purchase for accounts utilizing its emerging markets and frontier markets strategies (although there may be potentially significant differences which may affect performance). The assets which formed the basis for the hypothetical performance were invested in a style currently expected to be so similar to the fund or a real portfolio utilizing RVX's strategy that RVX believes this information to be relevant to prospective clients. The U.S. dollar is the currency used to express hypothetical model performance. All hypothetical model performance shown herein is not necessarily based on the same types of gains. Hypothetical model performance figures shown herein include reinvestment of all dividends, interest, and capital gains, are pre-tax averages of individual year's results (unless otherwise indicated), are based on end-of-day data, and are presented gross of advisory fees and estimated commission fees. All hypothetical model results are estimated, unaudited, subject to adjustment, and not intended to comply with AIMR-PPS™ or GIPS guidelines. Furthermore, hypothetical model results may not reflect the correct impact, if any, that certain market or economic factors might have had on RVX'S decision making if RVX were actually managing a client's money. No hypothetical model performance is a guarantee of future results, and no representation is being made that any fund or account of RVX will or is likely to achieve profits or losses similar to those shown or described herein. Bear in mind that if hypothetical model performance results were for the funds or a client's actual portfolio, RVX'S advisory fees and fund trading costs, fees and expenses (including custody, third party administration fees, audit fees, legal fees, etc.) would materially decrease such returns.